



ENERGY ASSURANCE DAILY

Monday, February 12, 2007

Electricity

Update: APS's 1,314 MW Palo Verde Nuke Unit 2 in Arizona Ramps Up to Full Power February 12

The unit, which exited an outage on Friday, ramped up to full power by early Monday. The unit went offline on February 7 during a required weekly turbine test.
Reuters, 07:52 February 12, 2007

Update: FPL's 693 MW Turkey Point Nuke Unit 4 in Florida Ramps Up to Full Power February 12

The unit exited an outage and ramped up to full power by early Monday. The company took the unit offline on February 7 to work on a reactor coolant pump motor.
Reuters, 07:40 February 12, 2007

TXU's 565 MW Monticello Coal-fired Unit 1 in Texas Shut February 11

The company shut the unit to fix a boiler tube leak.
Reuters, 07:26 February 12, 2007

Colorado-New Mexico Intertie Enters Service February 1

The Tri-State Generation and Transmission Association announced that it had completed and energized a new 117-mile, high-voltage electricity transmission line connecting Walsenburg in Colorado with Gladstone in New Mexico. The 230 kV line was energized on February 1 by Tri-State, which is jointly owned by 44 rural cooperatives.
<http://www.tristategt.org/NewsCenter/NewsItems/CNMIP-207.cfm>

Maine and New Brunswick Agree to Cooperative Approach on Electricity Grid Interconnections

On February 9 the governor of Maine and the premier of New Brunswick signed a memorandum of understanding with respect to exploring ways to expand grid interconnections between the two jurisdictions. Maine is also exploring the possibility of leaving the New England power grid and developing power-sharing agreements with the nearby Canadian provinces.
http://www.reformer.com/region/ci_5200289

Petroleum

Update: Oxy Awaits California State Approval to Restart Elk Hills

On February 9, Occidental Petroleum (Oxy) announced that it was waiting for the California Occupational Safety and Health Administration to approve its plan to restart oil and gas operations at the Elk Hills field in California. Oxy declared force majeure last week when the field was shut following an explosion and fire. According to Oil Daily, the field produces approximately 70,000 b/d of oil and 280 MMcf/d of natural gas. Once the field is restarted, Sempra can restart its 552 MW Elk Hills power plant, which is fueled by Elk Hills natural gas output. A prolonged outage could impact the supply of crude oil to some California refiners.
Oil Daily, February 12, 2007

<http://phx.corporate-ir.net/phoenix.zhtml?c=76816&p=irol-newsArticle&ID=961412&highlight>
Reuters, 17:39 February 9, 2007

Refinery Problems and Elk Hills Shutdown Tighten West Coast Gasoline Market

According to traders, a handful of regular, unleaded gasoline transatlantic cargoes headed for the U.S. East Coast were diverted to the West Coast to take advantage of price surge brought on by a tight petroleum products market. Prices in the West Coast gasoline market rose sharply last week due to several refinery problems and turnarounds, and the shutdown of the Elk Hills oil field. Operations at Shell's Martinez refinery were disrupted over the weekend (see following story) and ExxonMobil said it is shutting down its Los Angeles area refinery for a two-month turnaround this month.

Reuters, 15:46 February 9, 2007

Emergency Flaring at Shell's 156,000 b/d Martinez Refinery in California February 9

The refinery carried out emergency depressurization of equipment on Friday night. A Shell spokesman said that refinery operations returned to normal on Sunday.

Reuters, 17:37 February 11, 2007

Fire Hits Hydrocracker at Valero's 210,000 b/d Delaware City Refinery February 9

The fire, which occurred Friday afternoon, was brought under control within an hour. According to company officials, the incident had no material impact on production.

Reuters, 09:14 February 12, 2007

Fire Hits Crude Unit Heater at Sunoco's 160,000 b/d Toledo Refinery in Ohio February 10

A small fire occurred at the Sunoco refinery in Toledo, Ohio on February 11 when workers were starting a heater in the crude unit. According to a company representative, the fire was put out in about 2 hours and did not have a significant impact on refinery operations.

OPIS Price Watch Alert, 12:00 February 12, 2007

Update: FCC Unit Restarting at Citgo's 156,000 b/d Corpus Christi Refinery in Texas February 12

According to a filing with Texas regulators, Citgo was restarting its fluidic catalytic cracker (FCC) unit No. 2 at the east plant of its Corpus Christi refinery. The restart is scheduled to be completed on today. The unit shut on February 7 for repairs.

Reuters, 08:14 February 12, 2007

Diesel Fuel Spill Shuts Gulf Intracoastal Waterway in Louisiana February 12

According to the U.S. Coast Guard, an oil spill Monday has closed the U.S. Gulf Intracoastal Waterway, six miles west of Lake Charles, Louisiana. A vessel was transferring diesel fuel between tanks when it spilled 700 gallons (about 16 barrels).

Reuters, 13:21 February 12, 2007

Cold Weather Prompts Kentucky to Declare Fuel Emergency

On February 12, Kentucky's Secretary of Transportation issued a declaration of emergency that allows drivers delivering supplies of heating oil, propane to drive longer hours in order to meet the increased demand resulting from the extreme cold weather in the state. The order will remain in effect until 12:01 am February 20.

OPIS Price Watch Alert, 12:24 February 12, 2007

U.S. Jet Fuel Market Reflects Drop in Demand and Production

The market for jet fuel in the U.S. has shrunk as airlines have curtailed usage and as refiners have begun producing less product. Consequently, the market has become increasingly tied to cargo markets to fully meet the needs of the market.

Jet Fuel Intelligence, February 12, 2007; http://www.energyintel.com/PublicationHomePage.asp?publication_id=7

SemGroup to Build Colorado-Oklahoma Crude Oil Pipeline

The company announced that it will build a 550-mile, 12-inch diameter crude oil pipeline connecting oil production in Colorado's DJ Basin to the crude oil trading hub in Cushing, Oklahoma. The pipeline is expected to be operational by January 2009.

Reuters, 16:41 February 9, 2007

Ecuador to Renegotiate Some Oil Contracts

Ecuadorian President Rafael Correa said Saturday that the country is drafting a strategy to renegotiate oil contracts in which the State currently receives only 20 percent or less of the oil that is pumped. He did not say how many contracts are involved or how much the increase in the state share might be. He has previously said that companies that breach their contracts and contaminate the oil-rich Amazon jungle will be kicked out of the country. In 2005, Ecuador supplied the U.S. with about 275,000 barrels of crude oil per day.

Reuters, 14:21 February 12, 2007

Rising Costs Will Slow or Stop Oil and Gas Projects - CERA

According to Cambridge Energy Research Associates (CERA), rising costs will continue to slow or stop oil and gas projects. CERA says that project costs are up 67 percent since 2000 and 30 percent in the past year alone. While high oil and gas prices have helped companies offset high production costs over the past few years, prices have slowed recently while costs are projected to continue rising until 2008 or 2009.

Reuters, 11:39 February 12, 2007

Natural Gas

FERC Grants Environmental Approval for Gulf South's Texas to Mississippi Expansion

The Federal Energy Regulatory Commission has granted preliminary environmental approval to Gulf South Pipeline Co. for the construction of its proposed expansion of the East Texas to Mississippi natural gas pipeline.

<http://intelligencepress.com/>

European Companies to Ship Nigerian LNG to U.S. Markets

BG and Eni have signed deals with Nigeria's NLNG to buy liquefied petroleum gas (LNG) for shipment to the United States. BG Signed a 20-year agreement to transport 2.25 million tons (about 118 Bcf) per year of LNG from the planned Train 7 project at Nigeria's Bonny Island LNG export facility to the LNG import facility at Lake Charles, Louisiana. The shipments are expected to begin in 2011 or 2012. In a separate statement, Eni said that it has signed a 20-year deal to buy 1.375 million tons (about 72 Bcf) per year of LNG from NLNG to sell it on the U.S. market.

Reuters, 09:46 February 12, 2007

Other News

Long-lasting Butadiene Supply Crunch Seen

Lack of feedstock, operational problems and major maintenance outages have led producers to curtail butadiene shipments to customers. Texas Petrochemicals declared force majeure restricting deliveries to 80 percent allocations while problems at an Equistar Chemical's plant led to allocations to their customers as well. Upcoming maintenance schedules will extend the supply crunch for some time to come likely opening the market to imports to make up the difference.

<http://www.platts.com/Petrochemicals/News/6353162.xml?p=Petrochemicals/News&sub=Petrochemicals>

Energy Prices

U.S. Oil and Gas Prices			
February 12, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	58.05	59.10	61.26
NATURAL GAS Henry Hub \$/Million Btu	7.78	9.14	7.36

Source: Reuters

Bodman to Officially Approve New SPR Site in Richton, Mississippi on February 14

Reuters, 10:46 February 12, 2007

DOE to Buy 11 Million Barrels for SPR This Spring to Replace Amount Sold During Katrina Disruptions in 2005

Reuters, 10:46 February 12, 2007

OPEC May Not Cut Oil Supply Further at March 15 Meeting – Saudi Oil Minister

Reuters, 11:34 February 12, 2007

Oil Market Well Supplied, Prices Still Too High – IEA

Reuters, 04:43 February 12, 2007

Holly Corp. Board Approves Navajo Refinery Expansion and Heavy Crude Oil Processing Project

Reuters, 19:13 February 12, 2007

Canada NEB Approves Conversion of TransCanada's Mainline Nat Gas Pipeline to Carry Crude Oil for Keystone Pipeline Project to U.S. Midwest

Reuters, 09:05 February 12, 2007

Exxon's Sakhalin 1 Oil and Gas Project Nears Full Production Capacity at 250,000 b/d

Reuters, 06:57 February 12, 2007

Update: Developer of Proposed Long Beach LNG Terminal Goes to Court to Force City to Complete Environmental Review

<http://www.platts.com/Natural%20Gas/News/6352675.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Occidental Announces a Slowdown in Timetable for Ingleside LNG Project in Texas February 9

<http://www.reuters.com/article/businessNews/idUSN0948637720070209>

U.S. EPA Issues Final Rule for Benzene Standard in Gasoline

<http://www.platts.com/Oil/News/6353163.xml?p=Oil/News&sub=Oil>

DTE Preparing License Application for New Nuclear Reactor at Fermi 2 Plant in Michigan

Reuters, 13:42 February 12, 2007

NRC Panel Supports Conditional License Renewal for Oyster Creek Nuke in New Jersey

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7815631

Natural Gas Demand Seen Doubling in Nevada by 2025

<http://www.platts.com/Natural%20Gas/News/6352718.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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